



KDB Daewoo Securities

4Q FY2012 Earnings Release

June 2013

This presentation material is prepared by KDB Daewoo Securities Co., Ltd. for the purpose of providing information to current and prospective investors of the company. The contents in this document are preliminary, and forward-looking statements are based on KDB Daewoo Securities' internal projections. All such statements are subject to certain risks and uncertainties that could cause actual results to differ from those in this material.



Contents

Operating Summary	03
Performance by Business	05
Appendix	11

4Q FY12 Operating Summary

Posted pretax profit of W42.7bn for 4Q FY12

Revenue Structure

(Unit : Wbn)	FY12 1Q	FY12 2Q	FY12 3Q	FY12 4Q
Net Operating Revenues	167	212	151	182
Brokerage	57	66	58	60
Wealth Management	24	25	25	28
Investment Banking	7	9	10	10
Sales & Trading	77	126	84	79
Interest Income	8	2	-5	2
Others	-2	-13	-15	8
△ Commission Expenses	-4	-5	-6	-4
SG&A Expenses	147	152	131	141
Operating Profit	20	60	20	41
Non-Operating Profit	9	7	-1	1
Profit Before Tax Expenses	29	66	19	43
Tax Expenses	4	15	6	5
Net Profit	24	52	13	38

Key Points

Brokerage

- ❖ Despite decrease in average daily trading volume, recovery of both total brokerage and retail brokerage M/S led to increase in brokerage revenue
- ❖ Revenues : W58.1bn → W59.8bn (↑ 2.6% QoQ)

Wealth Management

- ❖ WM asset balance posted W50tr (↑ W2tr QoQ)
- ❖ Solid ELS/DLS sales led to revenue increase
- ❖ Revenues : W25.2bn → W27.7bn (↑ 9.9% QoQ)

Investment Banking

- ❖ Revenue increased on the back of improved operating performance of Structural Finance, PF, PE amid recession of ECM market
- ❖ Revenues : W9.8bn → W10.5bn (↑ 7.1% QoQ)

Sales & Trading

- ❖ Increased foreign-denominated bond balance and active management led to profit diversification as well as stable revenues
- ❖ Revenues : W83.6bn → W78.8bn (↓ 3.8% QoQ)

FY2012 Operating Summary

S&T and WM division highlights FY2012 financial performance

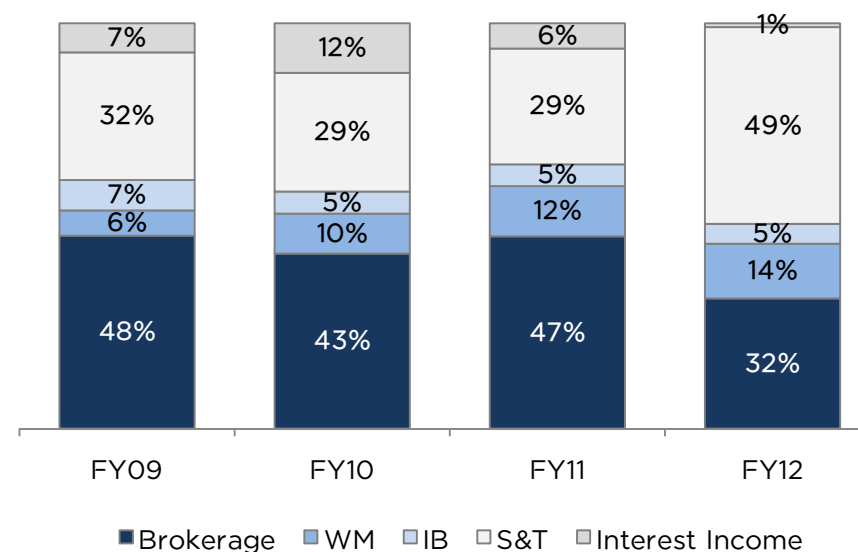
Revenue Structure (FY2009-FY2012)

(Unit : Wbn)	FY09	FY10	FY11	FY12
Net Operating Revenues	1,006	963	774	711
Brokerage	530	432	384	242
Wealth Management	69	99	101	102
Investment Banking	83	55	44	37
Sales & Trading	351	293	232	366
Interest Income	80	122	50	7
Others	-43	-2	-0	-22
△ Commission Expenses	-65	-37	-36	-19
SG&A Expenses	594	664	563	570
Operating Profit	412	299	211	141
Non-Operating Profit	11	16	11	16
Profit Before Tax Expenses	423	316	222	157
Tax Expenses	104	90	55	30
Net Profit	319	226	167	127

※ FY09 K-GAAP, FY10-FY12 K-IFRS

Revenue Composition

※ Before commission expense deduction/ fixed income interest included in S&T



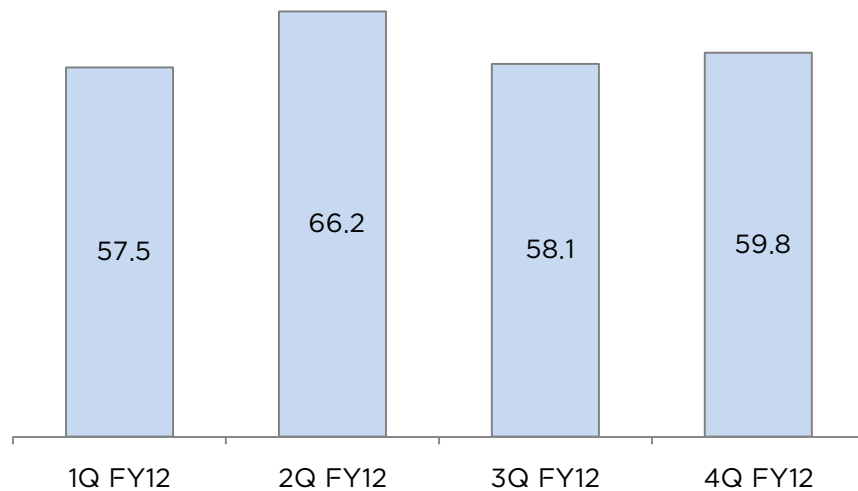
- ❖ **S&T division** – became one of the company's major revenue sources through increased foreign-denominated bond balance and preemptive respond to the market
- ❖ **WM division** – formed asset management operating environment through providing competitive financial products and improving manpower and system

Performance by Business : Brokerage

Total brokerage M/S recovered despite unfavorable market condition

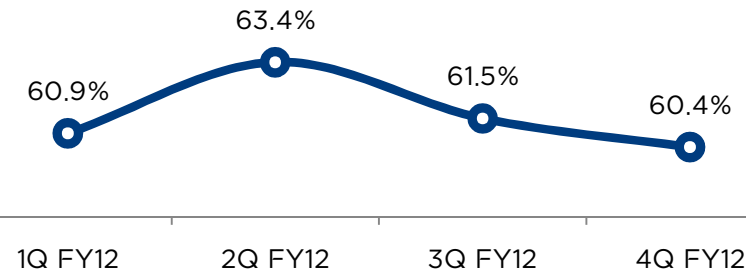
Brokerage Revenues

(Unit : Wbn)



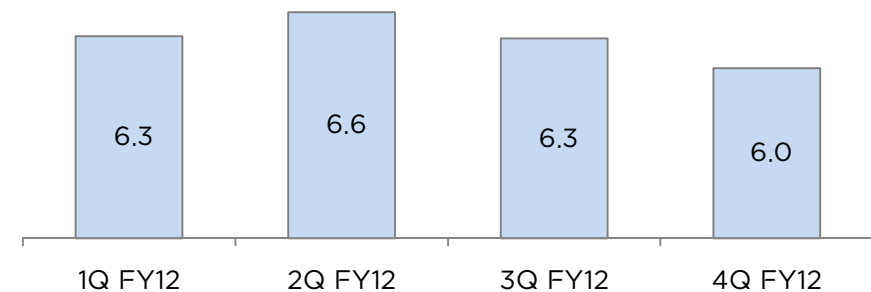
- ❖ Both average daily trading volume (5% ↓ QoQ) and retail participation rate (1.0%p ↓ QoQ) came in at the annual lowest record
- ❖ However, brokerage revenues increased W1.7bn QoQ to W59.8bn and reached the annual highest total brokerage M/S (pg. 6)

Retail Participation



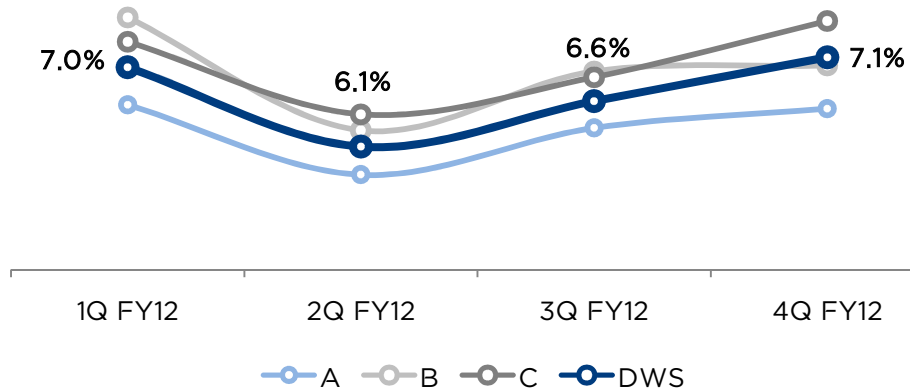
Average Daily Trading Volume (excl. ELW)

(Unit : Wtr)

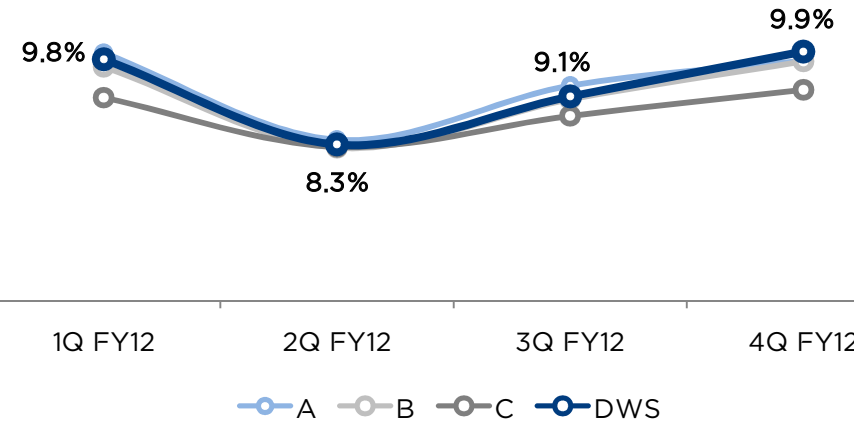


Performance by Business : Brokerage

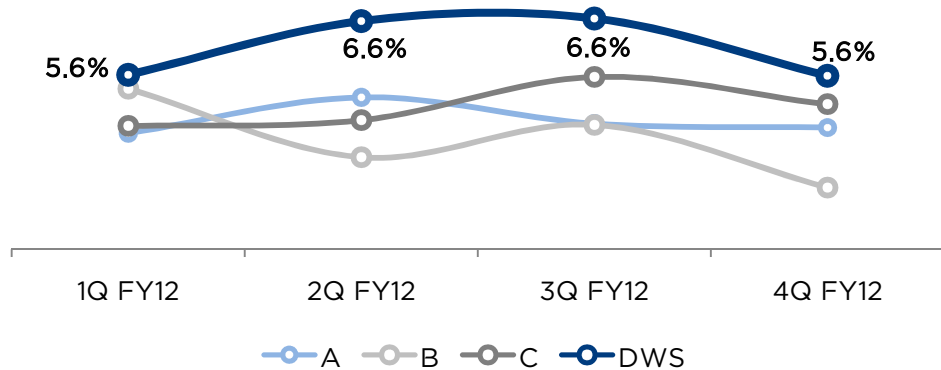
Total Brokerage M/S (by commission)



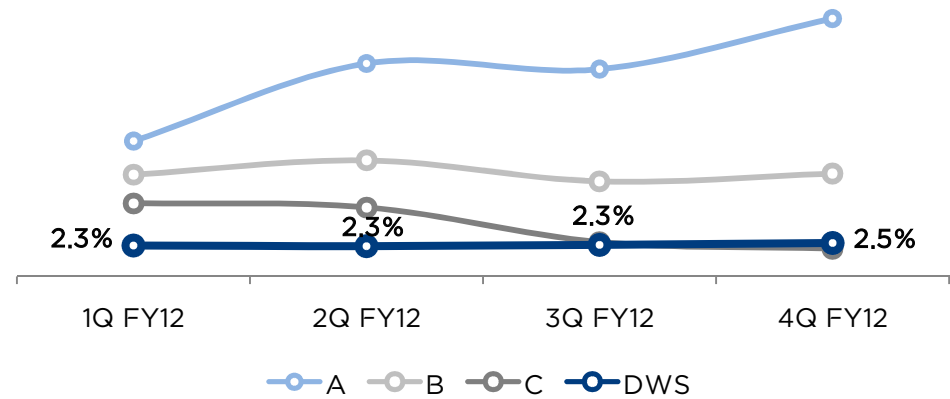
Retail Brokerage M/S (by commission)



Domestic Wholesale Brokerage M/S (by turnover)



Int'l Wholesale Brokerage M/S (by Turnover)



Performance by Business : Wealth Management

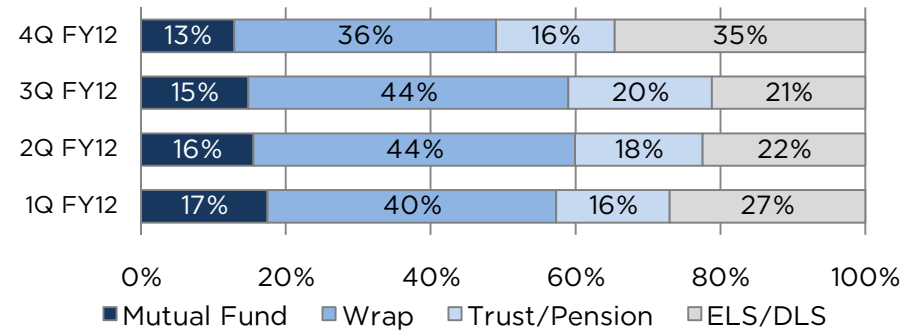
Generated stable profits based on well-diversified WM assets

WM Revenues

(Unit : Wbn)

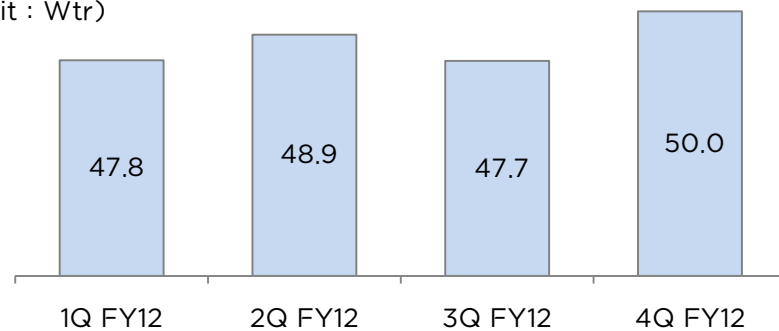


WM Revenues Breakdown

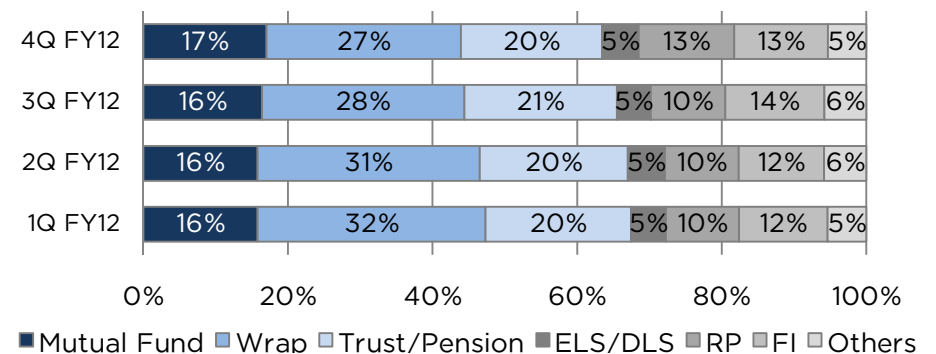


WM Assets

(Unit : Wtr)



WM Balance Composition

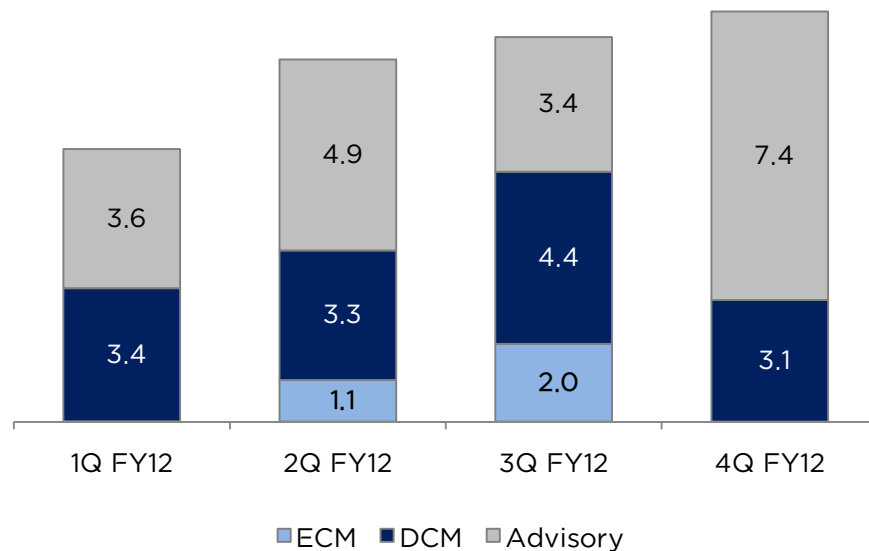


Performance by Business : Investment Banking

Revenue increased on competitiveness of Structural Finance, PF, and PE

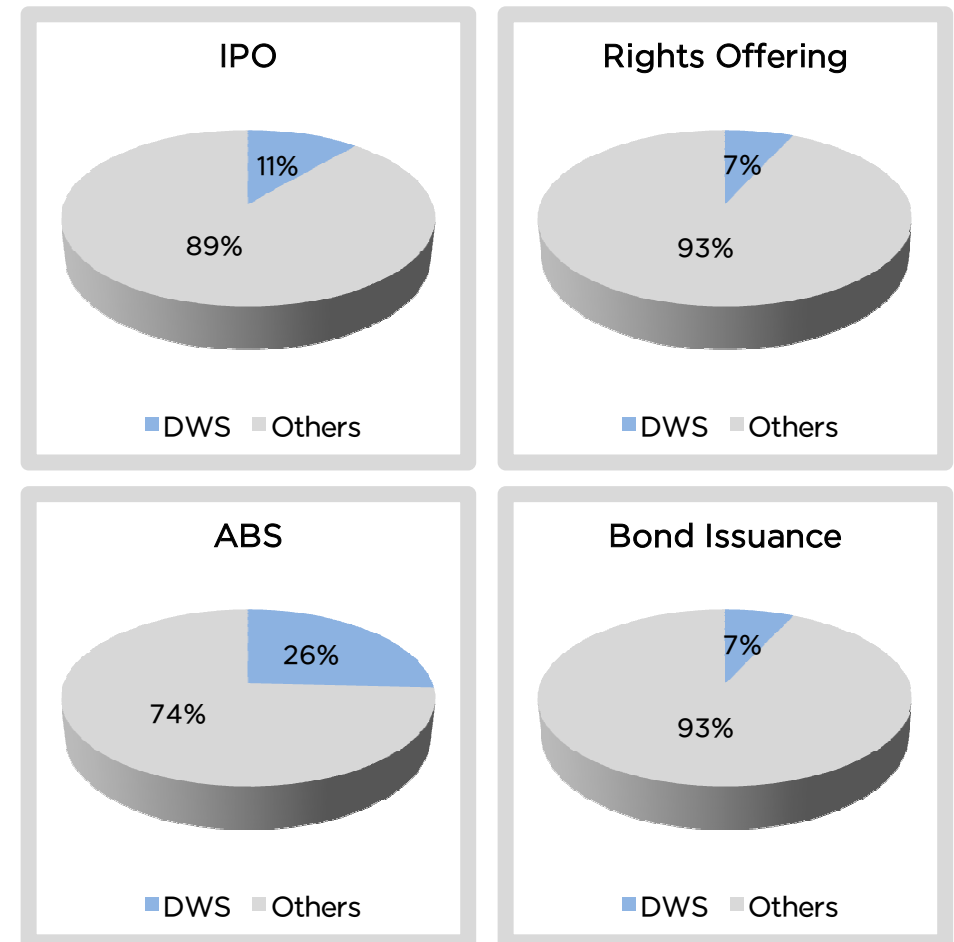
IB Commissions

(Unit : Wbn)



- ❖ IB revenues increased W0.7bn QoQ to W10.5bn on improved operating performance of Structural Finance, P F, and PE amid recession of ECM market
- ❖ Especially, ABS achieved #1 in the league table with overwhelming M/S of 26% via unrivaled track record

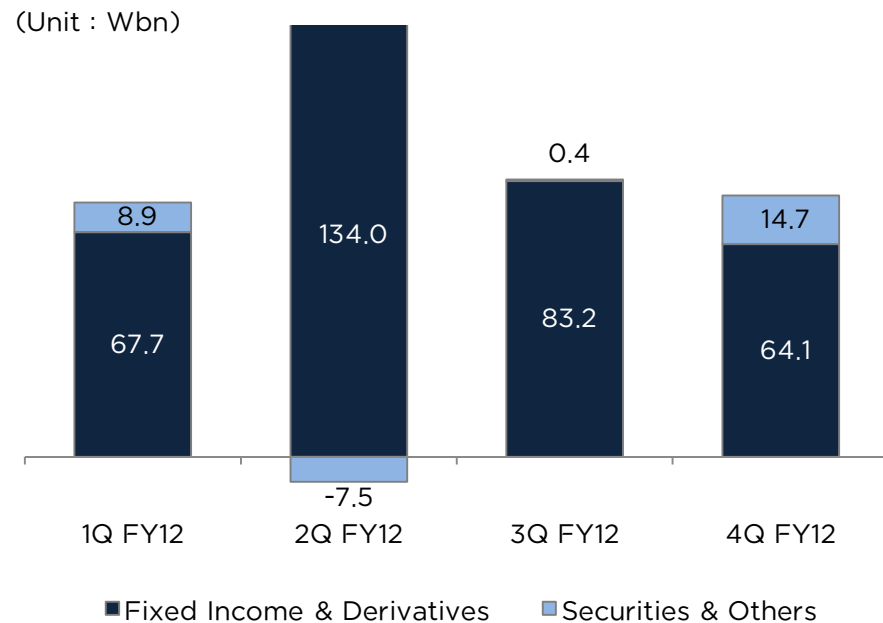
IB Market Share (FY12 Accumulated)



Performance by Business : Sales & Trading

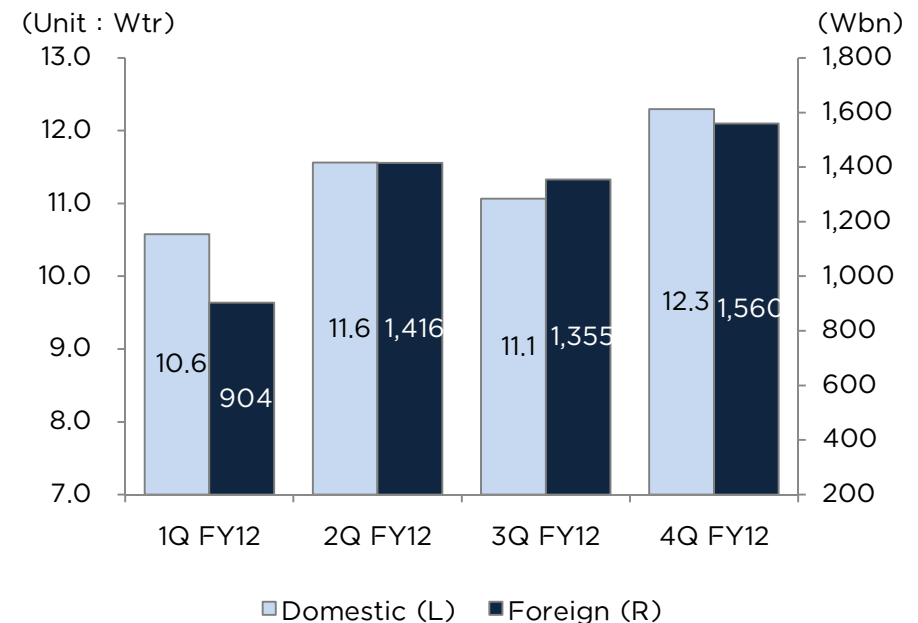
Achieved stable revenues on asset diversification and preemptive measures

S&T Revenues



- ❖ Revenues from trading of Fixed Income & Derivatives and Securities & Others was W64.1bn (incl. W71.3bn of interest income) and W14.7bn, respectively
- ❖ S&T revenues : W78.8bn (↓ W4.8bn QoQ)

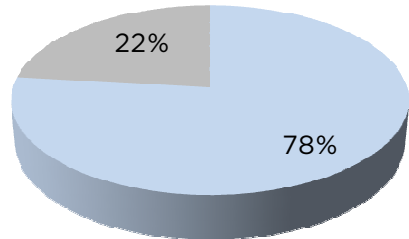
Fixed Income Balance



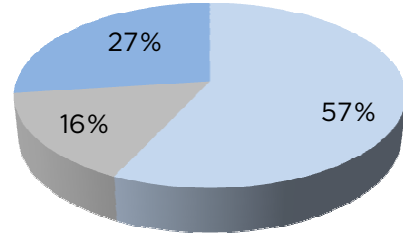
- ❖ Client book increased attributable to solid financial product sales
- ❖ Increased foreign-denominated FI balance led to 1) proper use of idle money from rights offering, 2) reinforcement of global capability, and 3) large contribution to profit diversification

Performance by Business : Sales & Trading

Fixed Income Portfolio



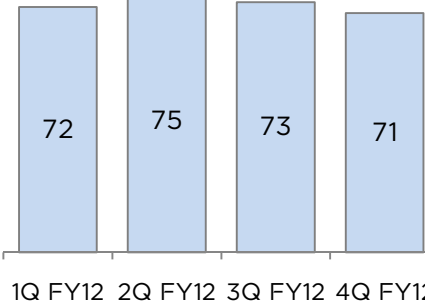
■ Trading Securities
■ Available for Sales



■ Gov't & Gov't Guaranteed Bonds
■ Bank Debentures
■ Others

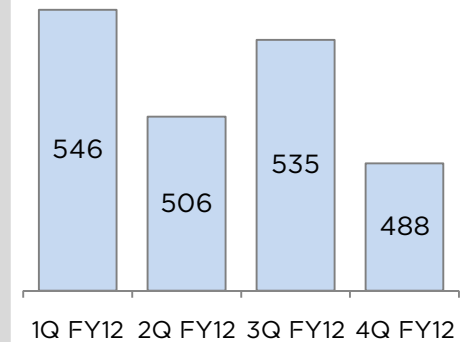
Interest Income

(Unit : Wbn)



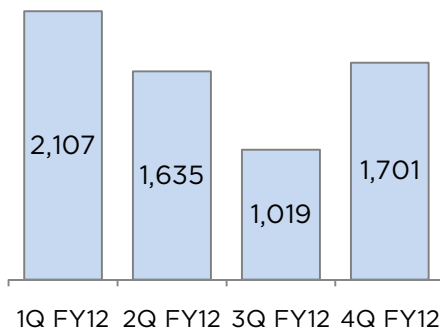
Net Capital Ratio

(%)



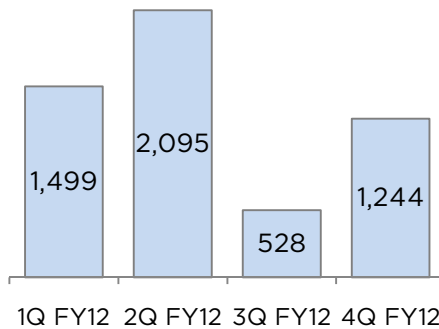
ELS Issuance

(Unit : Wbn)



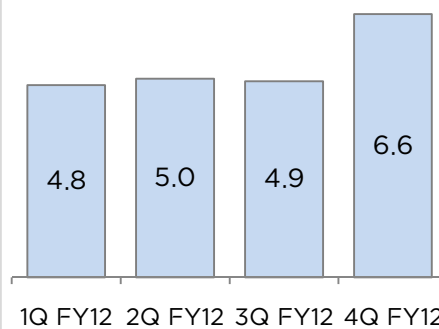
DLS Issuance

(Unit : Wbn)



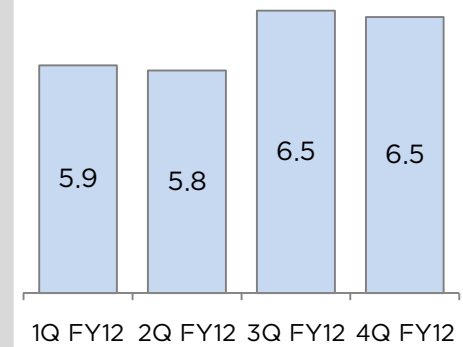
RP Account Balance

(Unit : Wtr)



FI Account Balance

(Unit : Wtr)





Appendix

Company Information

Global Network

Key Financials

Company Information

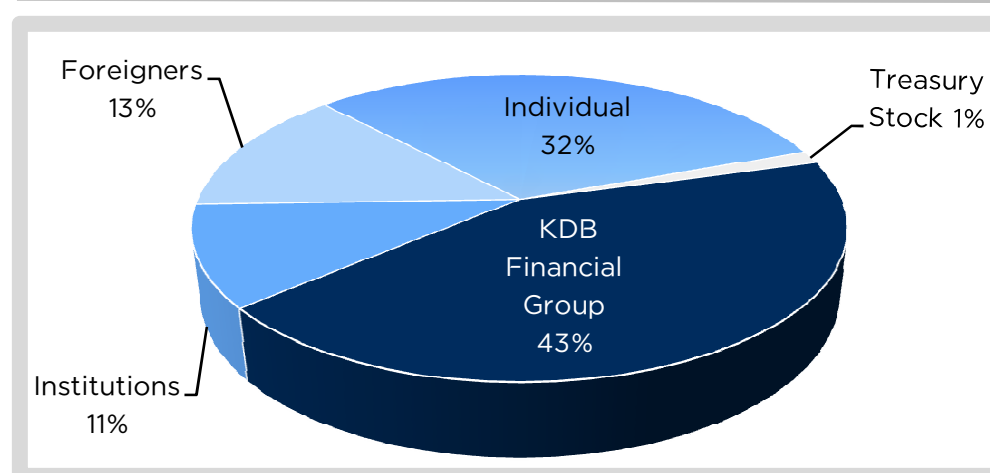
General

President & CEO	Kibum Kim	
Date Established	23 September 1970	
Date of Listing	30 September 1975	
No. of Shares	Common	326,700,891 shares
	Preferred	14,075,750 shares
Paid-in-Capital	W1.7tr	
No. of Employees	3,109	
Domestic Network	105 Branches	
Global Network	Overseas Subsidiaries	Hong Kong (1994), London (1991), New York (1992), Singapore (2012)
	Investment Advisory	Beijing (2011)
	Branch Office	Tokyo (2011)
	Rep. Offices	Beijing (2008), Shanghai (2010), Ho Chi Minh (2007)
Credit Rating	AA+ Stable (3 Domestic Rating Agencies) Baa2 Stable (Moody's)	
Headquarters Address	Gukjegeumyung-ro 56, Yeongdeungpo-Gu, Seoul	

History

September 1970	Established as Dong Yang Securities
September 1975	IPO
October 1999	Split from Daewoo Group
October 2009	Established KDB Financial Group; KDB Financial Group became major shareholder
November 2011	Capital Increase (W1.12tr)

Shareholder Structure (as of 31 March 2013)



Global Network

KDB Daewoo Securities (Hong Kong) Ltd.

Date Established	29 September 1994
Managing Director	Ki Young Kim
No. of Employees	42
Paid-in-Capital	USD 300 mn
Main Business	Brokerage, Prop. Trading, Underwriting, Advisory

KDB Daewoo Securities (America) Inc.

Date Established	7 July 1992
Managing Director	Hee Kwon Kim
No. of Employees	13
Paid-in-Capital	USD 12 mn
Main Business	Brokerage, Prop. Trading, Advisory

KDB Daewoo Securities (Europe) Ltd.

Date Established	3 May 1991
Managing Director	Tae Joong Lim
No. of Employees	11
Paid-in-Capital	USD 18.4 mn
Main Business	Brokerage, Prop. Trading, Underwriting, Advisory

KDB Daewoo Securities (Singapore) Pte. Ltd.

Date Established	12 July 2012
Managing Director	Bo Sung Choi
No. of Employees	5
Paid-in-Capital	SGD 10 mn
Main Business	Brokerage

KDB Daewoo Investment Advisory Co., Ltd.

Date Established	19 August 2011
Managing Director	Kang Won Choi
No. of Employee	3
Paid-in-Capital	USD 5 mn
Main Business	Advisory for Chinese Companies' IPO in Korea, Advisory for Investment

Other Networks

China	Beijing / Shanghai Representative Offices
Vietnam	Ho Chi Minh Representative Office
Japan	Tokyo Branch Office
Indonesia	PT. ETRADING SECURITIES * 80% stake held by HK subsidiary (As of June 2013)

Key Financials

(Unit : Wbn)	FY2010				FY2011				FY2012				FY09 (K-GAAP)	FY10 (K-IFRS)	FY11 (K-IFRS)	FY12 (K-IFRS)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Operating Revenues	178.5	292.1	227.8	265.0	183.1	168.8	180.9	241.5	166.8	211.5	150.7	181.9	1,005.9	963.4	774.3	711.0
Brokerage	108.7	99.9	119.8	104.0	100.3	100.1	91.3	92.8	57.5	66.2	58.1	59.8	530.1	432.4	384.5	241.5
Wealth Management	22.5	23.9	24.7	28.4	28.8	23.6	20.8	27.7	23.9	25.2	25.2	27.7	69.1	99.5	100.8	101.9
Investment Banking	10.4	6.8	20.0	17.4	11.4	6.5	12.0	13.6	6.9	9.3	9.8	10.5	83.5	54.6	43.6	36.5
Sales & Trading	19.0	150.1	71.5	52.4	32.6	25.0	63.6	110.4	76.7	126.5	83.6	78.8	350.8	293.0	231.6	365.5
Interest Income	16.2	22.7	9.0	74.5	19.7	10.4	5.6	14.5	8.5	2.3	△5.4	1.6	80.0	122.4	50.3	7.0
Others	9.9	△2.2	△7.2	△2.2	0.9	13.4	△5.7	△8.7	△2.3	△13.0	△14.7	7.8	△42.9	△1.8	△0.2	△22.1
Commission Expenses	△8.1	△9.2	△9.9	△9.5	△10.6	△10.2	△6.6	△8.8	△4.3	△4.9	△5.9	△4.1	△64.7	△36.7	△36.2	△19.3
SG&A Expenses	139.5	192.2	158.6	173.7	140.1	138.7	154.2	129.9	146.9	151.7	130.8	140.7	593.8	664.0	562.9	570.1
Operating Income	39.1	99.9	69.1	91.3	43.0	30.1	26.7	111.6	20.0	59.9	19.9	41.2	412.0	299.4	211.4	140.9
Non-Operating Income	15.2	4.9	△12.7	9.1	6.9	5.7	0.8	△2.6	8.8	6.6	△0.7	1.5	11.1	16.5	10.9	16.1
Income Before Tax Expenses	54.3	104.8	56.4	100.4	49.9	35.8	27.6	109.0	28.8	66.5	19.2	42.7	423.1	315.9	222.4	157.1
Tax Expenses	25.0	24.6	16.6	23.8	13.9	11.8	1.9	27.8	4.3	14.9	6.0	5.1	104.0	89.9	55.4	30.4
Net Income	29.3	80.2	39.9	76.6	36.0	24.0	25.7	81.2	24.4	51.5	13.2	37.5	319.1	225.9	166.9	126.7

Balance Sheet (Wtr)																
Total Assets	17.7	18.5	18.2	19.4	19.7	20.8	20.4	22.5	23.2	25.8	23.7	25.4	17.5	19.4	22.5	25.4
Total Liabilities	15.1	15.8	15.5	16.7	17.0	18.1	16.5	18.5	19.2	21.7	19.7	21.4	14.7	16.7	18.5	21.4
Shareholders' Equity	2.6	2.7	2.7	2.7	2.7	2.7	3.9	4.0	3.9	4.0	4.0	4.1	2.9	2.7	4.0	4.1

Net Capital Ratio (NCR)	358%	366%	423%	425%	463%	495%	679%	598%	546%	506%	535%	488%	435%	425%	598%	488%
Net Working Capital	2,031	2,092	2,154	2,154	2,134	2,158	3,202	3,240	2,950	3,050	3,070	3,186	2,267	2,154	3,240	3,186
Risk-Weighted Assets	567	572	509	507	461	436	472	542	540	603	574	652	522	507	542	652

Think you very much



"Thank you very much"
In order to hear those words from you,
KDB Daewoo Securities will think of you even more.



"2013 Thinker"
by Alexa Meade



KDB Daewoo Securities

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